



4900 Rt. 33W • Suite 100
Wall Twp., NJ 07753
Phone: 732-256-9646
Fax: 732-256-9666
Web: www.njgca.org

May 18, 2022

Ron Klain, Chief of Staff
The White House
1600 Pennsylvania Avenue NW
Washington, DC 20500

Dear Chief of Staff Klain,

On behalf of the nearly one thousand New Jersey small business owners who serve the motoring public, the New Jersey Gasoline, C-Store, and Automotive Association (NJGCA) is writing to request urgent and immediate action by the Biden administration and Congress to fix the flawed federal biofuel mandate, the Renewable Fuel Standard (RFS).

Since 1937, NJGCA has proudly represented New Jersey's gas stations, convenience stores and automotive repair shops. Our members are small businesses that rely on a reliable supply of refined gasoline and other petroleum products, all of which are supplied by independent refiners in our region.

Our membership is concerned that the RFS threatens the longer-term viability of last remaining independent refineries on the East Coast. The RFS requires refiners to either blend renewables into the fuels that they produce, or purchase compliance credits known as Renewable Identification Numbers (RINs). Many independent refiners, including those in our region, do not possess the necessary infrastructure to engage in large-scale blending, and are therefore forced to purchase these RINs credits in order to comply with the RFS. In recent years, RIN prices have skyrocketed to such an extent that one of the region's refiners expressed that, at today's prices (roughly \$1.60 per credit), their RFS obligation would be almost double the purchase price of the company. This is clearly unsustainable and not at all what Congress envisioned when designing the program. Without reform, this situation puts thousands of jobs in our region at risk, causes gas prices to rise even further, and reduces our ability to self-supply with domestic fuels – the exact opposite outcome envisioned by the congressional framers of the RFS.

The Northeast has lost 1.5 million barrels per day – or roughly 70 percent – of its refining capacity in the past decade alone. While a loss of this magnitude has real economic consequences in its own right, Russia's invasion of Ukraine has made this crisis even more acute, a stark reminder that the U.S. should never rely on foreign imports to meet its domestic energy demands. Independent refineries have always been critical to our energy security, providing the region with a reliable, domestic source of fuel. Additional closures due to the flawed RFS would be a devastating blow to our region and our national security. A bipartisan group of every single Congressional member from New Jersey, along with Governor Phil Murphy, all agree that this is a critical issue which needs attention.

Additionally, our nation is dealing with inflation which is driving up the cost of everyday goods, many of which are sold by our member businesses. Soaring gas prices are not helped by the current structure of the RFS, which research has shown adds up to 30 cents per gallon to the cost of fuel. Reforming the RFS and driving down the costs associated with the program will yield tangible benefits to consumers and our members alike.

Fortunately, there are specific reforms the Biden Administration can pursue that would provide immediate relief to independent refiners and consumers hanging in the balance. The Environmental Protection Agency's (EPA's) most recently proposed rule, which sets forth how many gallons of ethanol must be blended in the fuel supply, was set at reasonable levels for 2020 and 2021. However, EPA's proposed Renewable Volume Obligation (RVO) for 2022 was more than 1.5 billion gallons beyond the federal government's own projected ethanol demand for this year. If finalized, this proposal would cause RIN prices to remain grossly inflated, compounding the devastating effects this program is already creating for consumers and East Coast independent refiners specifically. Therefore, it is critical that EPA lower its proposed 2022 blend rate by 1.5 billion gallons to reflect the actual projected ethanol demand. This initial step would at least provide some short-term relief in the RINs market and on gas prices and allow for the implementation of more permanent reforms to the RFS.

We understand that the EPA recently sent its proposed RVO to the White House for final review. This makes this situation even more urgent. As a final decision on this proposal nears, NJGCA urges you to ensure that the RVO is set at a reasonable level, and following that, that reforms are made that will fix the RFS before it's too late. Without your help and continued support, New Jersey will suffer sustained high gas prices, the prospect of additional job losses, and the Northeast could lose even more of its fuel production capacity at a time when we can least afford it. We thank you for your interest in and consideration of this matter.

Sincerely,



Sal Risalvato
Executive Director
NJ Gasoline, C-Store, Automotive Association

CC: Governor Phil Murphy, New Jersey
Senator Bob Menendez
Senator Cory Booker
New Jersey Congressional Delegation
Michael Regan, EPA Administrator

Brian Deese, Director, National Economic Council
Marty Walsh, Secretary of Labor
Dan Utech, Chief of Staff, EPA
Seth Harris, Senior Advisor Labor Policy
Cedric Richmond, Sen. Advisor & Dir. of Pub. Engagement